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DRAFT REPORT OF THE TRADE AND DEVELOPMENT BOARD ON THE SECOND PART OF ITS THIRTY-SEVENTH SESSION

held at the Palais des Nations, Geneva
from 11 to .. March 1991

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(Statements by the incoming President and the Secretary-General of UNCTAD)	

1. In the absence of Mr. Jean David Levitte (France), President of the Board at the first part of its thirty-seventh session, recalled by his Government to take up new duties in Paris, the second part of the thirty-seventh session was opened by Mr. Emeka Ayo Azikiwe (Nigeria), Vice-President.

2. Mr. Azikiwe announced that, following a meeting of the Bureau on 14 December 1990, attended by regional co-ordinators and the representative of China, the nomination of Mr. Emilio Artacho Castellano (Spain) as President designate of the Trade and Development Board had been endorsed at the monthly consultations of the Secretary-General, on the understanding that Mr. Artacho Castellano would be formally elected at the opening of the second part of the thirty-seventh session.

3. In his opening address, Mr. Emilio Artacho Castellano (Spain), incoming President, said that the outlook for the industrialized countries in the early 1990s was somewhat constrained; economic growth and trade had declined in the preceding 18 months and there had been a resurgence of inflation in a significant number of countries, although this could be controlled provided that there was no upper movement in energy prices. The cautious attitude of the private sector as a consequence of recent developments had not yet dissipated and meant that recovery would still require time.

4. The developing world was becoming more diverse, some countries having succeeded in their reforms while others had lost ground and moved into the least developed category. In general, the economic results in the developing world had been worse in the previous decade than during the 1970s, particularly in Latin America, sub-saharan Africa and the Caribbean. In the 1980s its terms of trade had deteriorated and the prices of commodities had been the lowest in real terms since World War II. At the same time, high interest rates and high levels of indebtedness had frequently frustrated structural adjustment programmes. These trends had run parallel to democratization, respect for human rights and the environment. It had frequently happened that such intense national efforts had not been encouraged by a favourable international economic environment.

5. Since the first part of the current session the progress of the countries in Central and Eastern Europe towards a market economy had continued. The Gulf conflict had also meant that the period had been one of tense waiting for

most international and domestic economic operators. It was now more necessary than ever to find new and imaginative solutions for the economic and social ills afflicting the world.

6. Reviewing the agenda, he said that the problems raised in the Uruguay Round should be given priority attention by the Board. Participants in the Round must make additional efforts to obtain balanced results which would lead to the liberalization and expansion of world trade. In addition, the growing competitiveness of labour-intensive exports from developing countries made it increasingly necessary that there should be a body of rules better to regulate this trade and market access. Hence the importance for the current session to make a thorough study of protectionism and structural adjustment.

7. The Board was also to undertake an examination of progress made in the implementation of the decisions of the Paris Conference on the Least Developed Countries. It would be the first evaluation of a programme which would last 10 years. The Board might also consider the affect of the recent upheaval in oil prices and draw appropriate conclusions.

8. As to the Programme of Action for African Recovery and Development (UNPAAERD) and he noted that despite its positive results, and the considerable increase of operational activities by UNCTAD dedicated to Africa, the United Nations system as a whole would have to make further efforts to ensure the long-term development of Africa and overcome the root causes of its poverty and marginalization.

9. As to the future role of UNCTAD itself, he observed that, in a changing international scene, the international organizations should bring their working methods up-to-date. To that end, UNCTAD should work more flexibly, remain open to new thinking and adapt its structures to variations in world political realities. The Conference on the Least Developed Countries and the recent sessions of the Board had been sound examples of realism and co-operation and the Board should orient its future work along those lines. Reinforced in this way, UNCTAD would be inevitably destined to play a significant role in international economic relations in future.

10. The Secretary-General of UNCTAD, commenting on the aftermath of the recent Middle East hostilities, said that the region and the world required a bold approach to alter radically the political and economic dynamics at play.

Peace could only be constructed on the basis of a solid consensus within the region regarding the settlement of outstanding political issues, focusing in particular on security, justice and the chance to achieve prosperity. The United Nations could be used to help achieve these objectives. Developments in Europe following World War II had proved the wisdom of building economic security as a complement to political security. Similar wisdom and imagination were called for in addressing the construction of peace in the Middle East. Perhaps the time had come to think in terms of a common and larger Middle East house, stretching from the Mediterranean to the Hindu Kush and from the Caucasian mountains to the Arabian Sea.

11. Many countries, including least developed countries, had been exposed to the negative effects of the conflict. Appropriate domestic and international policy responses must include even stronger reform efforts, supported by international co-operation, including a larger scale financial assistance lodged in a multilateral framework and based on economic criteria.

12. Reviewing the agenda, he observed that the item on the United Nations Programme of Action for African Economic Recovery and Development, provided the Board with an opportunity to prepare an input into the General Assembly's final review and appraisal.

13. The annual review of progress in the implementation of the Programme of Action for LDCs for the 1990s would be a major element of UNCTAD's role as focal point for the global monitoring and follow-up of the Programme.

14. While the recent decision to resume the Uruguay Round represented a reassertion of the political will of Governments to see the negotiations to a successful conclusion, he stated that a long drawn out conclusion would be fraught with hidden dangers, not least the generation of uncertainty for Governments and economic operations alike. Many decisions could not be delayed until the conclusion of the Round lest the danger of actions being taken might run counter to the underlying objectives of the Round.

15. The resumption of the Round provided a fresh opportunity for strengthening the multilateral trading system, taking into account development dimension.

16. The active participation of the developing countries in the Round was essential and the UNCTAD secretariat stood ready to continue to facilitate this through its technical co-operation programme. The Uruguay Round needed

to be supported by actions in other areas and forums, designed to improve the co-ordination of macroeconomic policies, to reduce debt burdens, to strengthen commodity markets and food security, and to translate the growing concern with environmental protection, into policies supportive of trade and development.

17. UNCTAD VIII would focus attention on the whole range of these issues and their interaction. General Assembly resolution 45/201 requested the Secretary-General to report through ECOSOC on institutional developments, taking into account all relevant proposals, related to the strengthening of international organizations in the area of multilateral trade. The UNCTAD secretariat had been entrusted with the preparation of this report.

18. As to the annual review of protectionism and structural adjustment, policy issues in the 1990s regarding market access were likely to be influenced by the outcome of the Uruguay Round. Tariff and non-tariff barriers remained obstacles to the smooth functioning of inter-trade. While the number of developing countries adopting more open trade policies was increasing, trade restrictions and departures from the multilateral approach were on the rise in developed countries. These developments suggested some loss of faith in the multilateral system. The international community faced a clear choice: either to revitalize the multilateral system or to witness a slide into managed trade, tiered preferences, and inward-looking trade blocs.

19. The elimination of protectionism in developed countries needed to be complemented by governmental policies aimed at structural change. The market-oriented policy reforms pursued in Eastern Europe, taking place in difficult economic circumstances, had added a new dimension to the issue of protectionism and structural adjustment. If these efforts were to bear fruit, an improved external environment was an essential requirement. If developing countries were to share in the benefits, they would need support in gaining access to the new market opportunities in Eastern Europe.

20. The UNCTAD secretariat had intensified its work on trade, foreign direct investment, technology and services in this area, seeking in particular to enhance common understanding of the nature of this relationship and of its implications for the development process.

21. There was a clear need to address the complex interrelationships that existed between trade, foreign direct investment and the globalization of economic activity and corporate operations. The transfer of technology to developing countries and the services problematique should be addressed in a coherent conceptual and institutional framework.

22. In this connection initiatives were underway within the United Nations to begin a gradual process of integrating the complementarity of UNCTAD and UNCTC work programmes in order to permit an in-depth examination of such issues, enhance the quality of outputs to intergovernmental bodies concerned, and respond to the changing needs of the international community.